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SUBJECT: Barbados Launches First-Ever Entrepreneurship Venture
Capital Fund

Summary

¶1. The Barbados Government, in conjunction with a handful of local business leaders, announced the formation of the island nation's first-ever business start-up seed capital and venture capital fund on November 13. The fund, which was capitalized by the Barbados Government, will be administered by the private sector Caribbean Business Enterprise Trust. Recognizing the limitations of a small island economy, the Fund's trustees have already begun to look to build a regional network. The Fund's board has decided that it will only fund companies that have the capacity and the desire to go global. According to board member Peter Boos, the board is interested in looking at regional entrepreneurship models from the United States. This innovative program supporting American style venture capitalism is a first in the region and creates a strong counter point to the statist models being advanced by Venezuela through ALBA. End Summary.

Venture Capital Funding Coming to Barbados?

¶2. The Barbados Government, in conjunction with a handful of key local business leaders, announced a newly funded and business start-up seed capital and venture capital fund at the George Washington House on November 13. With the Prime Minister, the former Governor of the Caribbean Development Bank, and the business establishment of Barbados on hand, Fund director Basil Springer explained that the new public-private partnership Fund is really two funds: the first is the seed fund, which will take the place of angel funding, and the second is an early stage venture fund. In order to address the lack of funding and support for local entrepreneurs with good business ideas, the government accepted and funded a proposal by the Caribbean Business Enterprise Trust to provide US\$1.5 million to be split equally between the two funds.

¶3. PM David Thompson told us that these funds and the businesses they will create are critical to the future prosperity of Barbados. The current financial crisis and the ongoing pace of globalization make it clear, he added, that "we cannot sit back and use the same old economic strategies." The fund has already funded six new start-ups, all of which were on display at the event held to launch the new fund. The six companies funded by the seed capital fund ranged from a smart phone gaming "apps" company to a socially

conscious music online music store. Springer expressed confidence that the fund will be able to support 4-6 companies every six weeks, helping to start 45-50 companies per year.

Need for a Regional Network

¶4. The lack of deal flow is the greatest danger to the long-term success of the venture fund, board member Peter Boos explained. With only 280,000 people, Barbados alone is unlikely to have enough entrepreneurs with good ideas to make the fund self-sustaining, which is why Boos said the board has begun to look at a regional model that would encompass the OECS and Trinidad and Tobago in addition to Barbados. Regional integration has proven difficult in the past, he admitted, but the nature of this initiative is such that it may be able to overcome past apathy and inertia, which often derails plans that call for shared prosperity.

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Going Global is the Key

¶5. "Everyone understands that the local market is not big enough to sustain a cluster of truly entrepreneurial enterprises," Springer explained to us. "That is why we are only interested in funding companies with the capacity and desire to go global." To facilitate this global push, Boos added, the board is looking closely at a few outside models and global networks with an eye toward adopting their best practices and joining their networks. He cited the "Connect model" in San Diego as one that the Fund was looking at closely, given its proven track record of success around the world. He believed the Global Connect network would offer opportunities to link the Fund's fledgling companies to other entrepreneur support networks around the globe, giving its companies a real shot at going global.

Comment: A Real Change in Course

¶6. The launch of the fund is a real change in the business mindset in Barbados, indicating that the Thompson government is willing to "think outside the box" and look past the traditional triple helix of economic growth in the region -- tourism, offshore financial services, and government employment. Even more radical is the decision to provide public funds to a private sector trust run by local businessmen without any direct government oversight. Moreover, Thompson's bold move to encourage and support economic policies that model American-style capitalism provides a direct contrast to statist economic models, including that being pressed by Hugo Chavez through his ALBA program. While the optimistic expectations of the board will be difficult to achieve in the near term, their effort to look beyond Barbados for networking opportunities and to throw more support behind the private sector is encouraging.

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